

Service Date: January 9, 1985

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER of the Application) UTILITY DIVISION
of BUTTE WATER COMPANY for Auth-) DOCKET NO. 84.9.57
ority to Increase Rates and) ORDER NO. 5114
Charges for Water Service to its)
Butte, Montana customers.)

INTERIM RATE ORDER

FINDINGS OF FACT

1. On September 21, 1984, Butte Water Company (Applicant or BWC) filed an application with this Commission for authority to increase water rates for its Butte, Montana customers on a permanent basis by approximately 13.02%, for a revenue increase of approximately \$366,944.
2. Concurrent with its filing for a permanent increase in rates, BWC filed an application for an interim rate increase of approximately 3.60% for a revenue increase of approximately \$101,622, or 27.6% of the proposed permanent increase.
3. The BWC application for an interim increase in rates was not filed in a manner consistent with this Commission's interim rate increase application rules (Rules 38.5.501 through 38.5.506, ARM).
4. The Commission's interim rules require a "clear showing that the petitioning utility is suffering an obvious income deficiency." Analysis of BWC's rate filing by the Commission staff, in a manner consistent with this Commission's interim rules and guidelines, indicates that

BWC would be entitled to interim rate relief of approximately \$185,000 annually.

5. BWC's requested interim rate relief, amounting to \$101,622 annually, flows from the Commission's Order No. 4977b. In that Order, the Commission included an ordering paragraph requiring the filing of tariff sheets effective January 1, 1985, to reflect for an annual revenue decrease of \$101,622. The Applicant has requested that the Commission allow the presently effective rates be continued as interim rates until a final decision is rendered in this Docket.

6. The Commission finds, based upon staff analysis, that BWC has an obvious income deficiency in this instance, and that deferred rate relief until a final order can be issued by the Commission may adversely affect the utility's financial condition. Further, under the Commission's current rate-making standards, BWC may be entitled to rate relief at the time a final order is issued in this Docket.

7. The Commission finds that BWC's financial condition has deteriorated and accordingly, finds BWC is entitled to its requested interim rate relief of \$101,622 on an annual basis. The Commission, pursuant to Rule 38.5.508, ARM, allowed the waiver of the interim rate increase rules for BWC's interim rate request.

8. The Commission finds that the interim relief determined appropriate in this order should be generated by continuing the presently effective rates for BWC as interim rates subject to rebate pending issuance of the Commission's final order in this Docket

CONCLUSIONS OF LAW

1. The Butte Water Company is a public utility furnishing water service to customers in the Butte area, and is subject to the supervision, regulation and control of the Montana Public Service Commission, pursuant to Section 69-3-102, MCA.
2. Section 69-3-304, MCA, provides in part, "The Commission may in its discretion, temporarily approve increases pending a hearing or final decision," and that such increases are subject to rebate.
3. The Commission concludes that the grant of an interim rate increase in the manner set forth herein is just, reasonable and within the Commission's discretion granted by Section 69-3-304. MCA.

ORDER

THEREFORE THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. The Butte Water Company is hereby granted authority to implement, on an interim basis, increased rates for its Butte, Montana customers, designed to generate additional annual revenues in the amount of \$101,622.
2. The Butte Water Company is to file revised interim tariff schedules indicating that the presently effective rates may be continued on an interim basis for water service rendered on and after January 1, 1985.

3. The interim rate increase granted herein is subject to rebate, with interest at 14.04% per annum, should the final order in this Docket determine that a lesser increase is warranted.

DONE IN OPEN SESSION THIS 21st day of December, 1984 by a vote of 4 to 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

Thomas J. Schneider, Chairman

Clyde Jarvis, Commissioner

Howard L Ellis, Commissioner

Danny Oberg, Commissioner

ATTEST:

Laura Bird, Acting Secretary

Madeline L. Cottrill
Commission Secretary
(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.